

# **Coronavirus (COVID-19): Small Business Guidance & Loan Resources**



U.S. Small Business  
Administration

# Relief programs for small businesses

- **Paycheck Protection Program**
- **Economic Injury Disaster Loan (EIDL) and EIDL Advance**
- **SBA Debt Relief**
- **SBA Express Bridge Loans**

# Paycheck Protection Program

## Overview

- Eligible recipients may qualify for a loan up to \$10 million determined by average monthly prior year payroll.
  - SBA 100% guaranteed loan – 2-year term at 1% interest
- Up to 100% forgivable if at least 75% of proceeds are used for payroll.
  - Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- Any small business or 501(c)(3)/501(c)(19) non-profits with fewer than 500 employees
  - Small business includes sole proprietorships, independent contractors and self-employed persons
  - Note - 1099 independent are eligible to apply on their own behalf, not via those businesses they work for/with

# Paycheck Protection Program

## How to apply

- You can apply through any existing SBA 7(a) lender or through:
  - Any federally insured depository institution
  - Federally insured credit union
  - Farm Credit System institution that is participating
- In addition, other lenders have applied and are eligible to participate including:
  - Non-bank lenders
  - Fintech lenders
- Find a lender: [www.sba.gov/paycheckprotection/find](https://www.sba.gov/paycheckprotection/find)
- Timelines
  - Business must have been in operation on February 15, 2020 and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.
  - Applications accepted until June 30, 2020.

# Paycheck Protection Program

## Application Process

- Application - [SBA Form 2483](#)
- Loan generally based on payroll expenses
  - Payroll records from prior year (see page 3 of application for more)
  - Payroll expense includes both cash compensation and non-cash benefits
- Average monthly payroll \* 2.5 = Max loan amount
- Qualified “Payroll Costs” for calculating eligible loan amount
  - Compensation to employees (whose principal place of residence is the United States) - salary, wages, commissions, or similar compensation;
  - Cash tips or the equivalent
  - Payment for vacation, parental, family, medical, or sick leave;
  - Allowance for separation or dismissal;
  - Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;
  - Payment of state and local taxes assessed on compensation of employees;

# Paycheck Protection Program

## Application Requirements

- What **does not** qualify as “Payroll Costs” for purposes of calculating eligible loan amount
  - ***Pay to 1099 independent contractors***
  - Rent
  - Mortgage interest
  - Utilities
  - Payments on other debt
  - Any other expenses that aren’t categorized on the previous slide
- How do I check on progress of my PPP application?
  - You must work directly with your lender as they process and fund the loan

# Paycheck Protection Program

## Use of proceeds

- Forgiveness - @ least 75% of proceeds used for payroll costs
- The proceeds of a PPP loan are to be used for:
  - ***payroll costs (as defined in the Act and in 2.f.);***
  - costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
  - mortgage interest payments (but not mortgage prepayments or principal payments);
  - rent payments;
  - utility payments;
  - interest payments on any other debt obligations that were incurred before February 15, 2020; and/or
  - refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.
- Additional guidance on the formula and forgiveness process are forthcoming
- Eligible use of proceeds are different than those expenses used to calculate loan amount

# Economic Injury Disaster Loan Program

## Overview

- **Working Capital Loan Program**

- Eligible entities may qualify for loans up to \$2 million.
- The interest rates for this disaster are 3.75 % for small businesses  
2.75 % for nonprofit organizations
- Terms up to 30 years
- First payment deferred for one year

- **Eligibility**

- Small business with 500 or fewer employees
- Most private non-profits (including religious organizations)
- Small agricultural cooperatives
- Small aquaculture businesses
- Business must have experienced “substantial” impact due to COVID-19
  - Working capital losses due to the declared disaster



# Economic Injury Disaster Loan Program

## Additional Program Criteria

- **Credit History**

- Applicants must have a credit history acceptable to SBA.
- Credit check included in the process

- **Repayment**

- SBA must determine that the applicant business has the ability to repay the SBA loan.

- **Collateral requirements**

- SBA seeks collateral on loans > \$25K
- Collateral is on general business assets
- Lack of collateral is not a reason for decline

- **Personal Guaranty requirements**

- Required on loans > \$200K

# EIDL Advance Grant Program

## Overview

- **Rapid economic relief**
  - Get funds in hands of businesses that are currently experiencing a temporary loss of revenue
- **Eligibility**
  - Same as Economic Injury Disaster Loan
- **EIDL advance of up to \$10,000**
  - Based on # of employees/\$1,000 per employee to a max of \$10,000
- **Provide bank information**
  - Funds will be made available following a successful application
  - Direct deposit to your account

# EIDL/EIDL Advance Application

## Process

- **NOTE: EIDL/EIDL Advance not currently accepting applications**
- **Apply through the SBA**
  - <https://covid19relief.sba.gov/#/>
  - Streamlined Electronic Loan Application
- **Process driven**
  - No additional documents required at application
  - If additional requirements are required, they will be requested by the loan officer
- **Make application at same time as EIDL application**
  - Receive email notification of application submission
- **Paper applications can be accepted**
  - Online loan application is faster

# EIDL/EIDL Advance Application

## Other information

- **Maximize efficiency**

- The biggest reason for delays in processing is due to missing information.
- Make sure to fully complete all requested fields
- Provide additional documents (if required)

- **Funding amount**

- If more funds are needed, applicants can submit supporting documents and a request for an increase.
- If less funds are needed, applicants can request a reduction in the loan amount.

- **Loan declines**

- If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

# SBA Debt Relief

- The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by COVID-19 crisis.
- Under this program:
  - The SBA will pay the principal and interest of **current 7(a) and 504 loans** for a period of six months.
  - The SBA will also pay the principal and interest of **new 7(a) and 504 loans** issued prior to September 27, 2020.
- Reach out to your lender for more guidance on this program
  - Program does not require you to submit an application.

# Express Bridge Loan Program

- If a small business has an urgent need for cash while waiting for an Economic Injury Disaster Loan decision and disbursement, they may qualify for an [\*\*SBA Express Disaster Bridge Loan\*\*](#).
- Small businesses who currently have a business relationship with an SBA Express Lender can access up to \$25,000 with less paperwork.
- Help overcome the temporary loss of revenue and can be a term loan or used to bridge the gap while applying for a direct [\*\*SBA Economic Injury Disaster loan\*\*](#).

# Assistance From SBA and Partners

- Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA's partners:
  - Illinois Small Business Development Center Network (SBDCs) - <https://www2.illinois.gov/dceo/SmallBizAssistance/BeginHere/Pages/default.aspx>
  - SCORE – [www.score.org](http://www.score.org)
  - Women's Business Development Center – [www.wbdc.org](http://www.wbdc.org)
  - Veteran's Business Outreach Centers - <https://www.wwbic.com/we-are-growing/vboc/>
  - Local Chambers of Commerce.
- For the nearest office, visit: [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance)

# SBA.gov/Coronavirus

## Funding Options

In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.



### Paycheck Protection Program

This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program.

[Learn more](#)



### EIDL Loan Advance

This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.

[Learn more](#)



### SBA Express Bridge Loans

Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

[Learn more](#)



### SBA Debt Relief

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

[Learn more](#)



# Any Questions?

More information concerning SBA and its programs:

[www.sba.gov/coronavirus](https://www.sba.gov/coronavirus)

[www.sba.gov/disaster](https://www.sba.gov/disaster)

[Illinois.DO@sba.gov](mailto:Illinois.DO@sba.gov)

[www.sba.gov/il](https://www.sba.gov/il)

EIDL and EIDL Advance Questions  
SBA Disaster Customer Service Center,  
(800) 659-2955 | [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)